

Message Text

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PAGE 01 CANBER 04418 080150Z
ACTION EA-12

INFO OCT-01 ISO-00 SS-15 SP-02 NSC-05 EB-08 DOE-15
SOE-02 TRSY-02 OMB-01 COME-00 OES-07 CIAE-00
INR-10 NSAE-00 L-03 INT-05 /088 W
-----106117 082300Z /61

R 080025Z JUN 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 3466
INFO AMCONSUL MELBOURNE
AMCONSUL SYDNEY
AMCONSUL BRISBANE
AMCONSUL PERTH

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EO 11652: NA
TAGS: EMIN, ENRG, EFIN, AS
SUBJECT: AUSTRALIAN RESOURCES RENT TAX

REF: CANBERRA A-016

BEGIN UNCLASSIFIED

1. IN A STATEMENT IN PARLIAMENT ON JUNE 1, MINISTER FOR NATIONAL DEVELOPMENT, KEVIN NEWMAN WHEN ASKED ABOUT THE STATUS OF THE PENDING RESOURCES RENT TAX (RRT), WOULD ONLY REPLY THAT THE GOVERNMENT HAD A TAX UNDER CONSIDERATION. NEWMAN IS REPORTEDLY IN DISAGREEMENT WITH GOA EFFORTS TO IMPOSE AN RRT ON OIL COMPANIES BECAUSE OF HIS VIEW THAT SUCH A TAX WOULD ADVERSELY AFFECT FUTURE OIL EXPLORATION AND DEVELOPMENT.

2. LATE IN 1977, GOA MINISTERS AGREED THAT AN RRT WOULD BE INTRODUCED TO COVER THE VERY HIGH PROFITS LIKELY TO BE EARNED FROM THE PRODUCTION OF CRUDE OIL AS A RESULT OF
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THE GOVERNMENT'S DECISION TO PROGRESSIVELY MOVE TOWARDS WORLD PARITY PRICING FOR DOMESTIC CRUDE OIL. IT APPEARS THAT NEWMAN NO LONGER SHARES THIS VIEW. END UNCLASSIFIED

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3. THE REGIONAL RESOURCES ATTACHE HAS RECENTLY BEEN TOLD

TWO CONFLICTING VIEWS ON THE STATUS OF THE RRT WITHIN THE GOA. ONE VIEW EXPRESSED BY THE CHAIRMAN OF CALTEX IS THAT THE RRT IS A DEAD ISSUE. THE OPPOSING VIEW OF A SYDNEY BARRISTER, WHO CONSULTS ON ENERGY MATTERS, IS THAT THE RRT CONCEPT IS ALIVE, BUT THAT WITHIN THE GOA THERE IS NO ONE WITH THE COMPETENCE TO DESIGN AND IMPLEMENT SUCH A TAX.

4. COMMENT: ONE COULD CONCLUDE THAT THE RRT MAY SIMPLY ATROPHY AS THE ONLY TIME IT IS BROUGHT UP IN PUBLIC FORUMS IS WHEN THE OPPOSITION RAISES THE ISSUE IN PARLIAMENT. THE RRT NO LONGER APPEARS TO BE A PRESSING ISSUE IN THE GOA, BUT IT IS PROBABLY TOO SOON TO SAY THAT THE RRT IS DEAD AND BURIED. THE MINING AND PETROLEUM INDUSTRY HAVE LOBBIED HEAVILY AGAINST THE RRT AND MAYBE THE BUREAUCRATS HAVE GOTTEN THE MESSAGE.
SQUIRE

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NNN

Message Attributes

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